

Order Handling and Best Execution Policy

Introduction and scope

The Minimum Operating Standards (MOS) requirement of the Nigerian Exchange Limited (NGX) requires that all Capital Market Operators (CMO) implement an execution policy in respect of transactions within the organization which would show that reasonable steps are taken by the firm to ensure that the best possible result ("best execution") for their clients are being achieved at every point in time. This document sets out information on the order handling and execution policy of Greenwich Securities Limited and its investment management team in respect of all transactions executed for and on behalf of its clients.

This policy applies to clients of Greenwich Securities Limited ("Greenwich") as defined by the rules of the Nigerian Exchange Limited for the following range of asset classes: Equities, Fixed Income and Related Instruments and any such other products to be developed in the future.

Obtaining best execution

The facilities available in today's marketplace allow Greenwich to use a variety of methods to execute client transactions making use of electronic communication networks or "XGEN" and "OMS" Order Management System. The selection of any method to execute a client's trade must be consistent with Greenwich's fiduciary obligation to obtain the best execution for its accounts.

Greenwich will consider a number of factors in seeking to obtain best execution. These may include price, costs, speed, likelihood of execution and settlement, size, and the nature of the trade and other considerations.

The relative importance of these factors will be determined by considering matters including the characteristics of the client's order, the characteristics of the financial instruments that are subject to that order and the characteristics of the counterparties and execution venues to which that order can be directed.

Ordinarily, price, speed of execution and likelihood of execution together will merit high relative importance in obtaining best execution, but this will be tempered, for example, where the size of the trade is large compared to the liquidity of the instrument in question, or where speed of execution becomes important for investment due to nature and size of order or client cash flow requirements.

1. Best Execution Principle

Greenwich shall at all times when acting for a client in the purchase or sale of securities, adhere to the best execution principle by taking reasonable steps to obtain the best available result for the client within the shortest time frame, provided that Greenwich shall at all times act in accordance with the terms and conditions of the order from the client.

Where Greenwich deals on its proprietary account and the counter party to the transaction is the same Greenwich's client, to ensure compliance with the best execution principle, the transaction shall be treated as an execution of the client's order, and not the Dealing Member's.

Greenwich's obligation to deliver the best possible result when executing client orders shall apply to all types of securities.

Greenwich shall apply its best execution obligations in a manner that considers the different circumstances associated with the execution of orders related to types of securities.

2. Best Execution Criteria

When executing a client's order, Greenwich shall consider the following criteria for determining the relative importance of the execution factors:

- i. the characteristics of the client, including the categorization of the client as retail or institutional;
- ii. the characteristics of the client order i.e. Good Till Month (GTM), Day Order, Good Till Open (GTO), Fill or Kill (FOK), All or None; and
- iii. the characteristics of securities that are the subject of that order, including expected return, risk, liquidity, and volatility, and
- iv. the time the order was received.

3. The Role of Price

Where Greenwich executes an order on behalf of a client, the best possible result shall be determined in terms of the total consideration, representing:

- i. the price of the securities;
- ii. the costs related to execution, which shall include all expenses incurred by the client that are directly related to the execution of the order (brokerage commission inclusive and statutory fees)

When executing a retail client's order for discretionary investor accounts, Greenwich shall take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing:

- i. the price of the securities and the costs related to execution;
- ii. speed;
- iii. likelihood of execution and settlement;
- iv. the size and nature of the order;
- v. market impact; and
- vi. that any other implicit transaction costs may be given precedence over the immediate price and cost consideration only, if they are instrumental in delivering the best possible result in terms of the total consideration to the client.

4. Order Execution

In Clients' order execution, Greenwich shall:

- i. Establish and implement effective arrangements for achieving the best possible result for its clients
- ii. Establish and implement an order execution policy to allow it to obtain, for its client orders, the best possible result in accordance with that obligation.
- iii. Always provide appropriate information to all its clients about its order execution policy and display its order execution policy on its website.
- iv. Provide its clients with its order execution policy in good time prior to the provision of its services.
- v. Determine the relative importance of the execution factors or establish the process by which it determines the relative importance of the factors.
- vi. Apply its execution policy to each client order.
- vii. Monitor the effectiveness of its order execution arrangements and policy on a regular basis in order to identify and, where appropriate, correct any deficiencies.

- viii. Establish and implement an order execution policy which shall contain
 - a. an explanation of the relative importance that Greenwich assigns, in accordance with the execution criteria, to the execution factors, or the process by which Greenwich determines the relative importance of those factors;
 - b. a clear and prominent warning that any specific instructions from a client may prevent Greenwich from taking the steps that it has ordinarily designed and provided in its execution policy to enable it to obtain the best possible result for the execution of those orders.

5. Client Order Handling

Greenwich shall implement procedures and arrangements which provide for the prompt, fair and expeditious execution of clients' orders.

Whilst carrying out client orders, Greenwich shall:

- i. Ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated; and Provide appropriate information to all its clients about its order execution policy and display its order execution policy on its website at all times.
- ii. inform its client about any material difficulty relevant to the proper execution of orders promptly upon becoming aware of the difficulty.

Greenwich shall not misuse information relating to pending client orders and shall take all reasonable steps to prevent the misuse of such information.

6. Aggregation and Allocation of Orders

Greenwich shall execute a client's order in aggregation with another client order unless the following conditions are met:

- i. the aggregation of orders and transactions will not work against acceptable fair allocation methodology. Acceptable fair allocation methodologies shall be published from time to time by The Exchange.
- ii. an order allocation policy is established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transactions, including how the volume, price and/or time of receipt of orders determines allocations and the treatment of partial executions.
- iii. Where Greenwich aggregates a client's order with one or more other orders and the aggregated order is partially executed, Greenwich shall allocate the trades in accordance with its order allocation policy.
- iv. The order allocation and best execution policy shall be one of the internal policy documents of Greenwich Securities Limited, which shall state in precise terms, how order executions shall always be allocated to clients of Greenwich to ensure fairness.

7. Dealing venues

Greenwich believes that execution quality can be improved for certain asset classes when our in-house dealers situated locally place trades for execution, making use of local knowledge and working in local time zones. Therefore, we may have relevant transactions executed through our dealing desk at the Head Office in Victoria Island, Lagos or at the floor of the Nigerian Exchange Limited.

We execute transactions for our clients in various ways:

- i. We may place orders through the Order Management System (OMS) which is connected to the Nigerian Exchange Limited via FIX.
- ii. We may also execute transactions on the "mytradebook" online trading platform portal set up for and on behalf of clients who wish to transact remotely.
- iii. Orders can also be placed through our authorised dealing clerks.
- iv. We may alternatively request a quote to trade over the counter with a counterparty on behalf of a portfolio. We will execute the transaction with the counterparty where we believe the terms enable us to achieve best execution. This method of dealing is customary and predominant in the fixed income and currency markets and we may use it for other instruments such as equities and derivatives when we believe that it will achieve best execution for clients.

We consider some or all the following criteria in choosing the most appropriate means to obtain best execution:

- the size of the trade relative to other trades in the same financial instrument
- the need to minimize the possible market impact
- access to liquidity/natural order flow
- whether or not the security is traded on exchange or over the counter
- the client mandate and client restrictions
- clearance and settlement capabilities
- characteristics of the venue(s) to which the order can be directed
- any other relevant factor

8. Classes of financial instruments and their execution venues

Best execution applies to all types of financial instruments and each client order. Greenwich may adopt different strategies depending on the type of instrument and market being traded.

Equities

Greenwich employs a pre-trade analytics system to assist in evaluating the most efficient type of execution for many trade orders. Greenwich assesses the average daily trading volume and price movements for the relevant securities when deciding upon the best form of execution for our clients.

The execution venue shall be based upon Rules and Regulations of the Nigerian Exchange Limited; in addition, the trading desk will be inspected on a regular basis by the Exchange by virtue of the rules and regulations of the Exchange.

For certain transactions it may not always be possible or appropriate to request comparable price information from brokers. Approaching multiple venues or counterparties for a competing quote is likely to have a negative effect on a transaction because of possible information leakage. Therefore, Greenwich's traders will make use of mandates from Clients and available market data on counterparties' ability to trade the instrument in question at the most advantageous price.

Fixed Income & Related securities

Achieving best execution for fixed income and related securities will depend on the transaction strategy type being entered into.

Ordinarily, for fixed income transactions, liquidity and price are the main determining factors given the nature of the securities, as well as speed of market and size of transaction. Quotations are recorded from competing venues and trades will be concluded through the venues that provide the best price. However, there may be circumstances where retrieving quotes from execution venues may alert the market to Greenwich's trading strategy which could be detrimental to its clients. In such circumstances, Greenwich will take into consideration market levels by utilizing various tools (e.g. Trade Web or Bloomberg) and will execute the transaction with a venue based upon information from such alternative sources as well as the counterparty's ability to provide settlement and competitive spreads as well as liquidity.

Tactical or strategy trades may include a combination of a fixed income security element and an OTC derivative overlay that relates to an underlying fixed income product or instrument. These trades are generally combined in one order, as receiving competing quotes from venues for the fixed income security may affect the factors on the derivative overlay piece. Execution venues are selected based on additional factors such as ability to conclude the overall transaction, the credit quality of a counterparty, the current exposure to the counterparty and overall research capability are in place.

9. Client specific instructions

Where Greenwich receives specific client instructions, it will conclude transactions in accordance with those instructions. Such client instructions may include (but are not limited to); Best Market Price, Good until day, Good until month, Good until cancel.

Greenwich considers all other relevant factors not covered by the specific client instructions in achieving the best possible result for the client. Greenwich is not permitted to induce a client to instruct execution in a particular way. However, client specific instructions may prevent Greenwich taking steps to implement the measures that it has designed to obtain the best overall result for its clients.

10. Assessment

We look to minimize the impact of our trades on the market and keep trading costs low for equities. We monitor trade prices against the average trading price for the day to determine if best execution has been achieved. We may also use a number of post trade analytical tools to monitor the costs of individual transactions where possible.

For more information, please contact us customerservice@greenwichbankgroup.com

